

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 FRB-03 CIAE-00 INR-07

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5270

C O N F I D E N T I A L BUENOS AIRES 2506

PASS FEDERAL RESERVE BOARD

E.O. 11652: GDS

TAGS: EFIN, AR

SUBJECT: BACKGROUND INFORMATION ON JUAN GRAIVER AND EMPRESAS
GRAIVER ASOCIADAS

REF: (A) BUENOS AIRES 1152, (B) STATE 34638,

(C) 74 BUENOS AIRES 06841

1. RE PARA 3 REFTEL (A), EMBASSY FORWARDING COMPLETE WTDR
INFO SEPTTEL.

2. EMBASSY HAS NO DEROGATORY INFO ON MEMBERS OF GRAIVER
BOARD OF DIRECTORS. THEY ARE KNOWN TO HAVE PROVEN BUSINESS
EXPERIENCE AND FIRM'S COMPETENCE AND FINANCIAL CAPABILITIES
ARE NOT QUESTIONED. ONE SOURCE OF SEVERAL CONSULTED BY THE
EMBASSY HAS REVEALED THAT BANCO COMERCIAL DE LA PLATA'S
RIGHT TO DEAL IN FOREIGN EXCHANGE AND FOREIGN OPERATIONS
WAS SUSPENDED FOR TEN DAYS ON OCTOBER 4, 1972 BY CENTRAL
BANK TELEPHONE CIRCULAR NO. 2667. EMBASSY DOES NOT ATTACH
GREAT IMPORTANCE TO THIS TEMPORARY SUSPENSION OCCURRING
OVER THREE YEARS AGO.

3. IN VIEW OF CONNECTION INDICATED PARA 3 REFTEL (C) WITH
FORMER ECONOMY MINISTER JOSE B. GELBARD, EMBASSY HAS MADE
SEVERAL INQUIRIES AS TO POSSIBLE CONNECTIONS WHICH MAY YET
EXIST BETWEEN GALBARD AND GRAIVER. GELBARD IS INVOLVED WITH
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THE ALUAR ALUMINUM PLANT SCANDAL AND HAS REPORTEDLY LEFT

ARGENTINA FOLLOWING RECENT COUP. ONE SOURCE ALLEGES THAT GRAIVER MAY ALSO BE INVOLVED WITH ALUAR AND OTHER SOURCES INDICATE THAT GELBARD AND GRAIVER GROUP WERE LINKED CLOSELY IN OTHER (UNSPECIFIED) BUSINESS TRANSACTIONS. GELBARD IS WELL AND UNFAVORABLY KNOWN TO EMBASSY AS MAN RESPONSIBLE FOR ECONOMIC POLICIES WHICH BROUGHT ARGENTINA TO EDGE OF ECONOMIC CHAOS. HE HAS ALSO BEEN IMPLICATED IN PRESS FOR HAVING USED HIS INFLUENCE AS PUBLIC OFFICIAL TO FURTHER HIS PRIVATE INTERESTS IN ALUAR, ARGENTINA'S ONLY ALUMINUM PLANT. THIS ISSUE IS STILL IN COURT AND NOTHING HAS YET BEEN PROVEN LEGALLY AGAINST GELBARD. A BANKING SOURCE ALLEGES THAT IT IS "WELL KNOWN" THAT GELBARD IS ASSOCIATED WITH GRAIVER IN GRAIVER'S CURRENT UNDERTAKINGS ALTHOUGH HE HAS NO HARD EVIDENCE TO SUBSTANTIATE THE ASSERTION. EMBASSY ALSO CONSULTED A PROMINENT LAWYER AND FORMER HIGH OFFICIAL IN THE GOA WHO HAS A CLOSE ACQUAINTANCE OF LONG STANDING NOW EMPLOYED BY THE GRAIVER INTERESTS. THIS SOURCE MAINTAINS THAT ALTHOUGH AT ONE TIME BANCO COMERCIAL DE LA PLATA AND GRAIVER ASSOCIATES PERFORMED BANKING AND FINANCIAL SERVICES FOR GELBARD, GELBARD NEVER HAD OWNERSHIP OF SUBSTANTIAL INTEREST IN GRAIVER ENTERPRISES. HE IS CONVINCED THAT THERE IS NOW NO CONNECTION.

4. WHILE PARTICIPATION BY GELBARD IN GRAIVER ENTERPRISES WOULD REFLECT ADVERSELY ON GRAIVER, WE HAVE SO FAR BEEN UNABLE TO ESTABLISH TO OUR SATISFACTION THAT SUCH A CONNECTION EXISTS. WE DOUBT THAT PARTIAL OWNERSHIP BY GELBARD OF SHARES IN BANCO COMERCIAL DE LA PLATA OR OTHER GRAIVER COMPANIES WOULD BE SIGNIFICANT IN TERMS OF GRAIVER OVERALL FINANCIAL CAPABILITIES AND RESPONSIBILITY AND DO NOT BELIEVE THERE IS SUFFICIENT EVIDENCE TO MAKE ADVERSE JUDGMENT ABOUT GRAIVER'S OPERATIONS.

5. WOULD BE HELPFUL TO KNOW WHETHER FOR PURPOSES OF INQUIRY REQUESTED REFTEL (B) HOW SIGNIFICANT POSSIBLE GRAIVER/GELBARD CONNECTION MAY BE. WE WILL PURSUE THIS FURTHER IF DEPT. WISHES.

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